

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
LOK SABHA UNSTARRED QUESTION NO. 3412  
TO BE ANSWERED ON 09.08.2021

Cryptocurrency Transactions

3412. SHRI ACHYUTANANDA SAMANTA:

Will the Minister of FINANCE

be pleased to state:

- a) whether the Government is taking steps to regulate cryptocurrency transactions in India, or on platforms based out of India and if so, the details thereof;
- b) whether the stance of the Government is one of a complete ban of private cryptocurrencies or one of regulation and licensing and if so, the details thereof;
- c) whether the Government views cryptocurrency as akin to money or legal tender, and hence regulations such as the Foreign Exchange Management Act will be applicable to cryptocurrency transactions or as an asset class like gold or stocks and if so, the details thereof;and
- d) whether the Government is aware of the enormous environmental impact mining cryptocurrency has and if so, the details of the steps if being taken to combat this issue and reduce cryptocurrency's impact on the environment and if not, the reasons therefor?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PANKAJ CHAUDHARY)

(a) to (c): It was announced in the Budget Speech for 2018-19 that “The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system. The Government will explore use of block chain technology proactively for ushering in digital economy.” A High-Level Inter-Ministerial Committee (IMC) constituted under the Chairmanship of Secretary (Economic Affairs) to study the issues related to virtual currencies (VCs) and propose specific actions to be taken in this matter recommended in its report that all private cryptocurrencies, except any cryptocurrency issued by the State, be prohibited in India. The Government would take a decision on the recommendations of the IMC and the legislative proposal, if any, would be introduced in the Parliament following the due process.

RBI, vide the circular on Customer Due Diligence for transactions in Virtual Currencies dated May 31,2021,has, inter alia, advised that banks as well as other regulated entities may continue to carry out customer due diligence processes in line with regulations governing standards for Know Your Customer (KYC), Anti-Money Laundering (AML), Combating of Financing of Terrorism (CFT) and obligations of regulated entities under Prevention of Money Laundering Act, (PMLA), 2002 in addition to ensuring compliance with relevant provisions under Foreign Exchange Management Act (FEMA) for overseas remittances.

(d). No, Sir. The Government does not collect data on environmental impact due to mining of cryptocurrency.

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